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ABSTRACT

Focusing primarily on current unrestricted and restricted funds, auxiliary funds, and plant funds, this report explains and provides historical and current data on the revenues and expenditures of the public junior colleges in Mississippi. The first section examines current unrestricted and restricted funds, indicating that the total revenues and expenditures for the educational and general (E&G) fund budgets of the colleges totalled $95 million in fiscal year 1982. Information is also provided on: (1) revenues from student fees, including data on average semester charges during the past decade, educational grants, and tuition charges in Mississippi contrasted with other southeastern states; (2) college support from county taxes, including data on statutory limits and requirements; (3) direct and indirect state support, including data on allocations for academic; vocational; part-time, evening, and summer academic; and associate degree nursing support; (4) revenue from federal funds; and (5) income from sales, services, and other sources. In addition, expenditures for E&G purposes are examined and the processes for local budgeting and making budget requests for state support are explained. The next section looks at revenues and expenditures related to auxiliary services, such as housing, food services, and stores. Finally, information on the financing of capital improvements is presented, including an overview of state appropriations for 1950 to 1982 and a discussion of expenditures from plant funds. (LAL)

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THE FINANCING OF

MISSISSIPPI

PUBLIC JUNIOR COLLEGES

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JC 840 115

A Brief prepared by:

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Jackson, Mississippi

June 1983

INTRODUCTION

The public two-year institutions of Mississippi are organized into fifteen junior college districts. There were sixteen districts until the unification of Hinds and Utica Junior Colleges in 1983 into the Hinds Junior College District.

The schools are created by statute as political entities governed by local boards of trustees and coordinated by the Mississippi Junior College Commission. They operate as comprehensive community college districts providing university transfer curricula, occupation-entry and upgrade progrsms, and a variety of continuing education, community and public service activities.

While similar organization and mission patterns create a composite financial image of the Mississippi junior colleges, the unique practices, resources, and programs of each district account for considerable deviation from the descriptive norm.

The public junior college districts in Mississippi have ten fund groups for use in accounting for financial transactions and operate on fiscal years which end on June 30. Fund groups are:

1. Current Unrestricted
2. Current Restricted
3. Auxiliary
4. Loan
5. Scholarship
6. Agency
7. Unexpended Plant
8. Debt Service
9. Investment in Plant
10. Endowment (effective for FY 1984)

The revenues and expenditures related to four of these funds - current unrestricted, current restricted, auxiliary, and unexpended plant - are discussed in this paper.

CURRENT UNRESTRICTED AND CURRENT RESTRICTED FUNDS

The funds used to record all transactions affecting the general operation and support of the educational program are Current Unrestricted and Current Restricted. These are frequently referred to as the Educational and General (E & G) Fund or simply the operational budget of the institution.

The operational, or E & G, budgets of junior colleges provide for the ongoing, recurring activities directly related to the instructional programs of the institutions.

Total revenues and expenditures for the E & G budgets of public junior colleges were $12.5 million in FY 1965, $20 million in FY 1970, $39 million in FY 1975, and $95 million in FY 1982. Revenues by source for FY 1982 are shown on Chart 1.

Revenues

Students: Student fees are those collected from students for costs related to the instructional programs. Average semester charges in the past decade were as follows:

	1971-72	1975-76	1981-82
Matriculation (All students)	$ 70	$100	$190
Tuition (Out-of-District)	115	155	225
Tuition (Out-of-State)	270	390	440
Room and Board (Meals)	232	320	600
Transportation/Bus	-0-	-0-	60

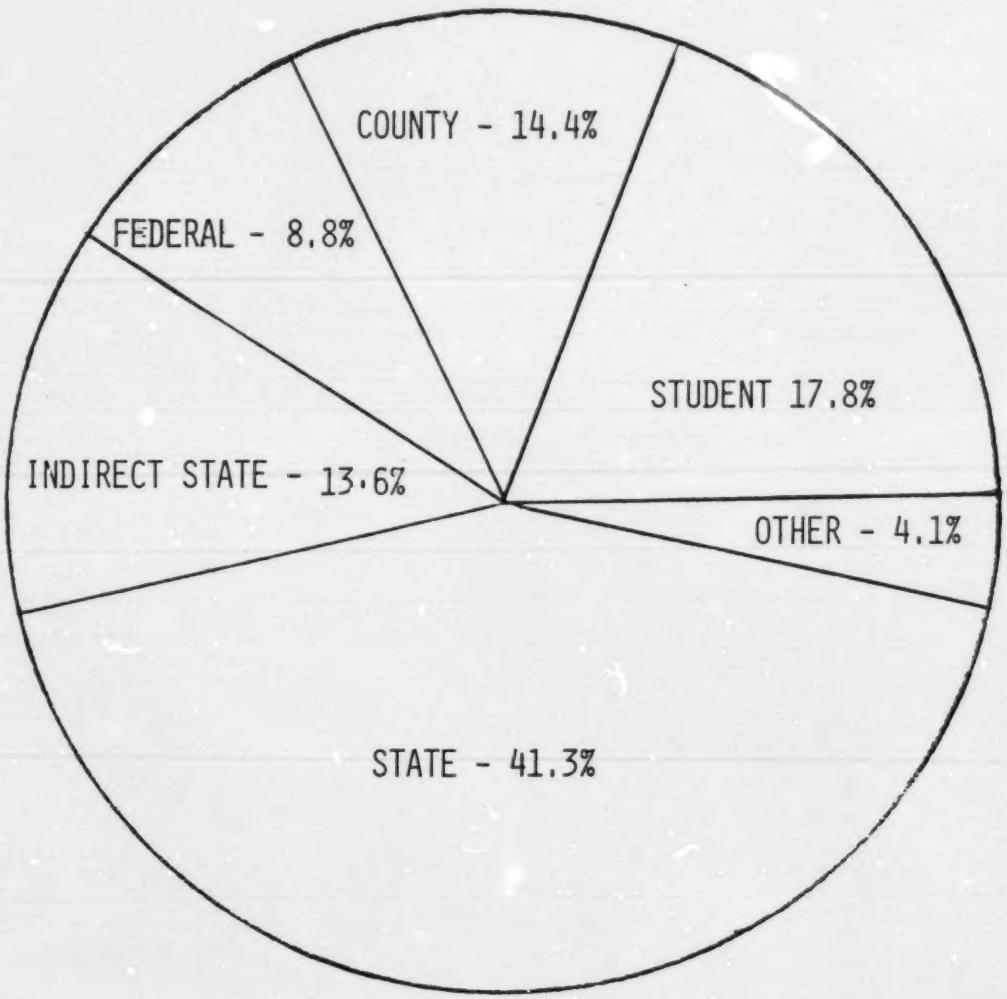
Some schools also charge from $15 to $50 for instructional material fees to students enrolled in courses requiring more costly supplies. Room and board are revenues to the auxiliary fund and are not included in the operational budget.

Chart 1

MISSISSIPPI PUBLIC JUNIOR COLLEGES

E & G REVENUE BY SOURCE

FISCAL YEAR 1982



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Most student fees are paid by the student or the student's family. Scholarships and other forms of financial aid are awarded to students, usually based on need, merit and academic achievement. Many students also earn part of their expenses through part-time employment.

Loans and educational grants obtained by students are not part of the operational budget. Most student loans are between the student and a financial institution while the junior college's role is to certify costs of attendance and enrollment of the student.

Educational grants, mostly federally funded, are made to students based upon financial need or entitlement. Included are Basic Education Opportunity Grant (BEOG), Pell Grant, Supplemental Education Opportunity Grant (SEOG), and State Student Incentive Grant (SSIG). Loans and student grants which are administered by the junior college are accounted for under Loan Fund and Agency Fund.

The median annual tuition for resident students at public junior colleges in Mississippi is near the median tuition found in Southeastern region states.

	1975-76	1981-82
Florida	$165	$455
Arkansas	220	426
Tennessee	216	390
SREB Region (14 States)	223	387
MISSISSIPPI	200	378
Alabama	202	375
Louisiana	230	350
Texas	166	183
North Carolina	120	140

County Taxes

Since 1922 governing authorities of counties have had authority to levy county-wide property taxes for the support of a junior college. The statutory limit for junior college E & G (Maintenance) tax levy is three (3) mills per county, except in the Mississippi Gulf Coast Junior College District, where the limit is four (4) mills per county. The Mississippi Gulf Coast Junior College Board of Trustees also has fiscal independence; that is, the authority to determine within statutory limits the amount of county funds necessary to balance its budget. Counties may also levy up to three mills for enlargement and improvement of the facilities of junior colleges. In 1964, seventy-two counties levied an average of 1.76 in support of the junior colleges' E & G budget. This generated $2,722,000 or $1.40 per capita of the supporting counties. In 1982, eighty-one of Mississippi's eighty-two counties voluntarily supported the E & G budgets with an average of 2.44 mills per county, amounting to $13,360,448 or $5.32 per capita.

No county can levy a smaller tax millage for junior college support than was levied for the previous year unless requested to make such reduction by the board of trustees of the district. However, a vote of the people may cause the levy to be changed. This provision provides stability to the junior college budgetary process.

Variations in ad valorem or property assessments make comparisons of local effort very difficult. Several junior college districts have counties providing the maximum support levy yet the dollar yield is below the state per capita average due to lower assessment ratios than in other counties. The Property Reappraisal Act of 1980 should result in more uniform assessments throughout the state by the end of the 1980's.

The law directs the authorities of each county levying taxes for the support of a junior college to transmit monthly the revenue received from taxation for the prior month to the junior college. However, many counties do not transmit the tax collections monthly, but periodically - even annually. Failure to receive these revenues as prescribed by law is a detriment to the cash flow and to investment income of the college.

State Support

Direct: State appropriations for support of junior college operations are made annually by the legislature. State support in this form has been provided since 1928 when $80,000 was appropriated for the biennium.

It is interesting to note that during the period from 1961 to 1983 the percent of direct state support for junior college operational budget has increased only from 39 percent to 41 percent in 1983. However, the percentages of state appropriations for certain program areas have increased and are discussed under indirect state support.

The amount of state appropriation for junior college support is negotiated, considering factors such as enrollments, personnel, expanded and new programs, general cost indices and salary levels. The appropriation is not enrollment driven, although the distribution of funds to the junior college districts is enrollment based.

The direct support appropriation is allocated to the local districts in the manner prescribed within the appropriation law, based primarily upon the full-time enrollment during the fiscal year for which the appropriation is made. Budgets are prepared on estimated enrollments; however, the actual amount of support to be received by each institution is not determined until November within the budget year. At that time

the Division of Junior Colleges conducts enrollment audits and certifies to the State Board of Education the allocation of state funds for each of the junior colleges.

Disbursements are made in the form of a grant to the institution and become a part of the institutions' current unrestricted funds to be expended in accordance with the budget adopted by the local board of trustees. Legislative intent and restrictions related to the appropriations in the late seventies influenced the development of the operating budget and occasionally resulted in part of the state appropriation being accounted for as current restricted funds. Salary catch-up provisions for FY 1981 was an example of such a restriction. A summary of the allocation formula for FY 1983 is shown in Exhibit 1.

Appropriations for junior college Associate Degree Nursing programs commenced in 1957. These appropriations were made to the Board of Trustees of Institutions of Higher Learning until July 1, 1980, when Section 37-129-1 (d) was amended to provide that nursing supplement funds to the public junior colleges be appropriated to and administered by the Division of Junior Colleges. The support allocated to the institutions which operate associate degree nursing programs is based upon prior fall enrollment translated into faculty positions.

EXHIBIT I

JUNIOR COLLEGE SUPPORT ALLOCATIONS

FY 1983

Section 1:	Academic Support		$32,258,646
(a)	Site: Each District $10,000	$ 160,000	
(b)	Per capita: Full-time day Mississippi academic (and technical) students enrolled and in attendance at end of first six weeks of fall semester. There were 22,329* students for an allocation of $1,437 each.	32,098,646	
Section 2:	Vocational Support		3,708,451
(a)	Site (1/4): Each District $57,945	927,120	
(b)	Per capita: Full-time day Mississippi vocational and technical students enrolled and in attendance at end of first six weeks of fall semester. There were 13,631 students for an allocation of $204 each	2,781,331	
Section 3:	Part-time, Evening and Summer Academic		1,361,059
	Allocated on basis of FTE of academic credit hours enrolled in by part-time and evening students and summer students, counting only Mississippi residents. 5736.2 FTE at $237 each.		
Section 4:	Associate Degree Nursing Support		2,316,528
	Allocated on basis of 148 faculty positions at $15,652 per position. Eleven schools participating.		
	Total		$39,644,684

*Technical students are counted in both Section 1 and Section 2.

Provisions of Section 1 and 2 have been part of appropriation measures since 1954. Section 3 commenced in FY 1975 to provide support for part-time, evening, and summer academic coursework. Section 4 appropriated to BIHL from 1957 to 1980 and to Division of Junior Colleges since 1980.

Indirect: The junior colleges also received state funds in the form of grants or reimbursements for specialized instructional activities, namely vocational and technical education and adult basic education.

State appropriations to the Division of Vocational Education, State Department of Education, for vocational education are combined with available federal monies, and are disbursed to secondary schools and the public junior colleges as partial reimbursement for approved vocational and technical instructors' salaries, for equipment and facilities.

State funds are appropriated to the Division of Instruction, State Department of Education to support adult basic education (ABE) for adults. These funds make up about five percent of funds which match federal funds to support ABE programs at secondary school districts and ten junior college districts. Some junior college districts do not engage in ABE because the local secondary schools offer the programs.

It should be noted that these indirect forms of state aid are to support specialized educational programs which have been delegated to the junior colleges as statewide educational responsibilities. The amounts received by junior colleges from these indirect state funds in FY 1975 and FY 1982 were:

Program	FY 1975	FY 1982
Vo-Ed	$4,216,157*	$12,470,604*
ABE	18,356	510,315
	$4,234,513	$12,980,919

*Vocational support reported here does not include facility construction nor equipment.

Federal

Federal funds come to the junior college as indirect support for

programs such as vocational education and adult basic education which were discussed above, and as categorical grants directly from an agency of the federal government.

Federal funds most commonly received are vocational and technical education (State Department of Education), Developing Institutions Grants (HEW), College Work Study Program (for students) (HEW), and Adult Basic Education (State Department of Education).

Federal funds received by the public junior colleges in FY 1975 were in the total amount of $4.4 million. Of this amount, approximate subtotals were vocational-technical education - $2 million; developing institutions - $650,000; college work study - $725,000; adult basic education - $335,000. In 1982, corresponding amounts were vo-tech education - $2,525,000; developing institutions - $1.5 million; CWSP - $1.4 million; and ABE $545,000; total $8.4 million.

Federal funding has been less predictable in recent years and cannot be considered a source of increased funds in the future.

Sales, Service, and Other

This minor part of each institution's budget is comprised of fines and penalties levied on students, sale of products or services of educational programs, interest earned on current funds investments, and transfers from other funds. Sales, service, and other revenues provided about $1.5 million in FY 1975 and $4 million in FY 1982.

Summary of Revenues

Principle sources of revenue for the E & G budget of public junior colleges and the percentage contributed by each source for FY 1982 are state appropriations, including nursing support (41%); indirect state (14%); federal (9%); county taxes (14%), students (19%) and other (4%).

Expenditures

Expenditures for E & G purposes are accountable by function and by object as shown in Exhibit 2.

The functions within the current educational and general and the part expended for each are shown in Chart 2.

The junior colleges expend approximately three-fourths of their educational budgets on salaries and wages including costs of fringe benefits. The remainder (one-fourth) is expended for supplies, commodities, contracted services, and capital outlay associated with the various educational activities. Expenditures by object are reflected in Chart 3.

Except for restricted funds, expenditures are made from the E & G fund without regard to source of revenue. That is, a salary or invoice may be paid from the composite revenues available.

Budget-making

Local

The local junior college boards of trustees are required by law to prepare budgets annually. The adopted budget is the authority by which the presidents and other agents of the school receive and expend funds.

The president is general manager of all fiscal and administrative affairs of the district. With the assistance of the business manager and other staff, the president prepares a budget recommendation for the board of trustees consideration.

Budget preparation usually includes these steps:

(i) Estimates of revenues from all sources. This includes obtaining estimates from county and state agencies, estimates of fees generated by projected enrollments, and projection of approved federal grants.

Exhibit 2

MISSISSIPPI PUBLIC JUNIOR COLLEGES
FUNCTION PROGRAM STRUCTURE
(_ _ X X X _ _ _)

Educational and General

100-400 INSTRUCTION

General Academic
Vo-Tec
Other Instruction

500 INSTRUCTIONAL SUPPORT

Libraries
Media
Instructional Administration
Curriculum/Staff Development

600 STUDENT SERVICES

Admissions
Counseling-
Dean of Students
Financial Aid Admin.
Health Services
Registrar
Student Activities
Student Publications
Veterans Affairs
Testing Services
Intercollegiate Athletics

700 INSTITUTIONAL SUPPORT

Executive Administration
Governing Board
Chief Executive Office
Chief Business Office
Adm. Asst./V.P.

General Expense
Legal, Audit, Alumni
Communications
Security
Printing, Duplicating
Institutional Research
Data Processing
Public Information
Transportation of Students

800 OPERATION OF PLANT

Plant Supervision
Custodial
Maintenance of Bldgs.
Maintenance of Grounds
Utilities
Trucking Services
Fire Protection
Property Insurance
Farm

900 STUDENT AID

Remission of Fees
Scholarships

EXPENDITURE OBJECT STRUCTURE

(_ _ _ _ X X X)

600 Personnel Compensation
Salaries and Wages
Fringe Benefits

700 Current Expenses
Contractual Services
Materials & Supplies
Travel

800 Capital Outlay

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Chart 2

MISSISSIPPI PUBLIC JUNIOR COLLEGES

PERCENTAGE OF EXPENDITURES BY FUNCTION

FY 1982

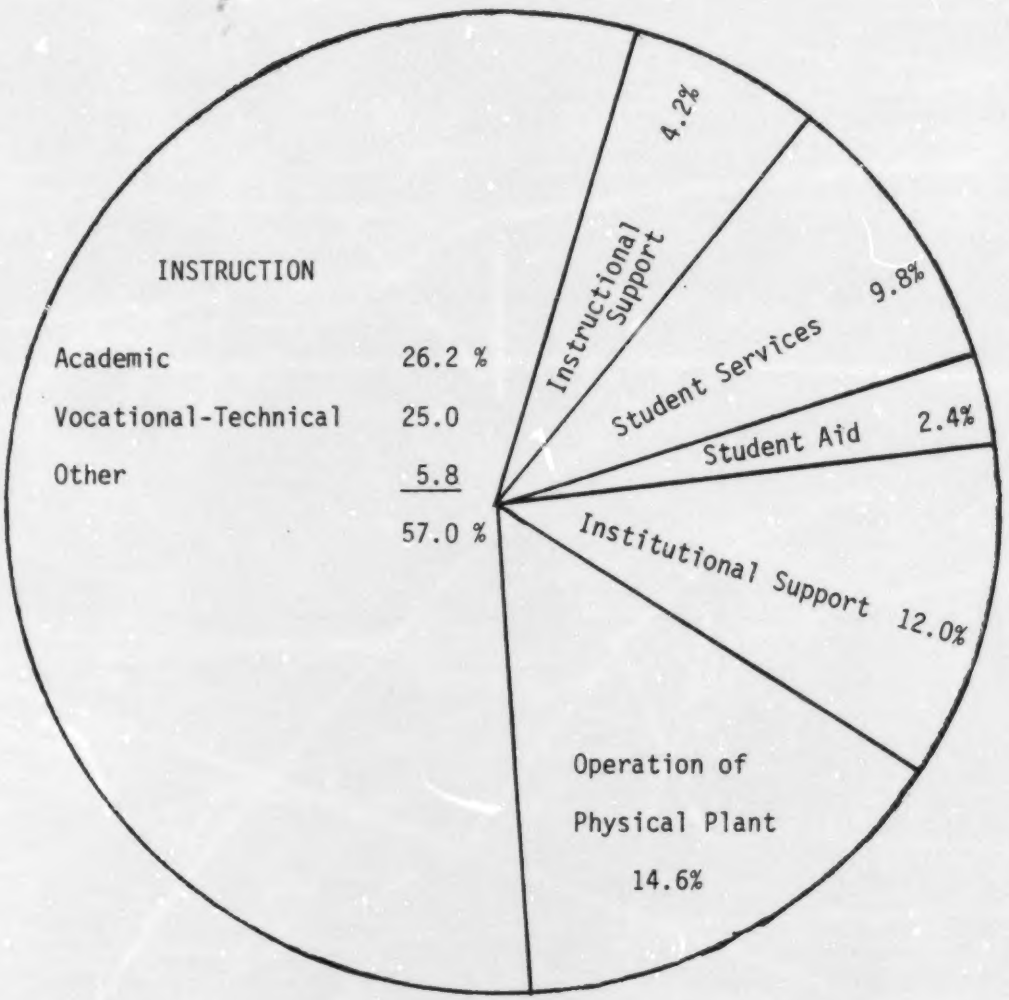
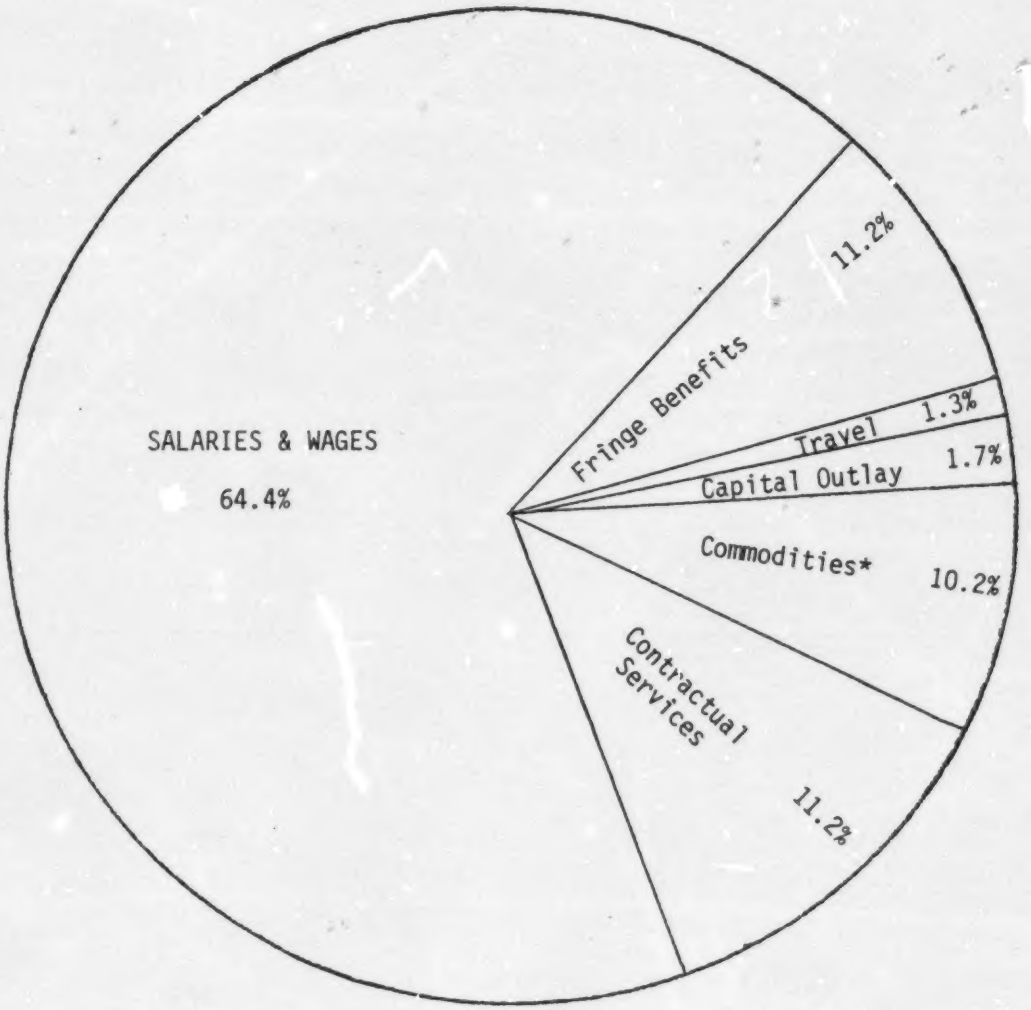


Chart 3

MISSISSIPPI PUBLIC JUNIOR COLLEGES

PERCENTAGE OF EXPENDITURE BY OBJECT

FY 1982



*Commodities category includes Student Aid - 2.4%

(ii) Estimates of expenses. This implies projection of number of employees and their respective salaries, needs of instructional and other departments, travel, postage, utilities, and all other costs of operating the institution for the ensuing fiscal year. Each department or activity supported by the budget should provide input into the budget-making process and, in turn, when the budget is finally adopted by the Board of Trustees, each department should be made aware of the approved level of expenditures and given periodic reports.

(iii) The projected needs and requests for expenditure frequently exceed the projected revenue, resulting in either reduction of expenditure levels or increased estimates of revenue levels, or some combination of both. The budget process occurs in the early spring prior to the fiscal year commencing on July 1. Revisions of the adopted budget should occur during the year as circumstances dictate.

Budget Requests for State Support

Each year the public junior colleges make a request to the legislature through the Commission on Budget and Accounting for an appropriation of state funds in support of the junior college educational and general budget. This request is submitted approximately one year in advance of the fiscal year.

The Mississippi Junior College Association, composed of the presidents of the junior college districts, formulates by consensus a philosophy with regard to state support for the junior colleges. This permits the development of broad goals and projections for the entire junior college delivery system. Each junior college president then takes this philosophy and applies it to the needs of, and services provided to his district. The resulting local budget request is submitted to the Division of Junior Colleges, State Department of Education, wherein it is compiled with the other requests into a composite budget request for all public junior

colleges. This request for General Fund appropriations is submitted on Form BE-1 to the Commission on Budget and Accounting and becomes the basis for subsequent hearings and presentations to the Commission and to the legislature.

An appropriation of state funds is made by the legislature some nine months or one academic year after the request was first prepared. An official projection of future allocation of these funds is made by the Division of Junior Colleges and local junior college districts proceed to prepare actual budgets for the approaching fiscal year.

The local board of trustees, within provisions of the laws of the State, is final authority for approval and revision of the institutional budget.

AUXILIARY

Auxiliary services are those activities which are intended primarily to provide noninstructional services for sale to students, staff and/or college departments, and which are intended to be self-supporting. Typical auxiliary services in Mississippi junior colleges are housing, food services, and stores.

Revenues

Revenues from auxiliary services of the junior college include the following approximate amounts for FY 1982.

		Millions
(A)	Housing (Room) - Rental for student dormitory rooms and apartments and faculty and staff housing.	2.8
(B)	Food Services (Board) - Sale of meals to dormitory and commuter students, faculty, and other patrons. May include grills and snack bars as well as cafeterias.	6.5
(C)	Stores - Charges for activities and events conducted in connection with student union; sale of books and supplies.	5.2
(D)	Other	0.6
		$15.1

Revenue from auxiliary services is derived primarily from the student or consumer of the service and is used to defray the cost of providing these services to support the total educational environment of the junior college.

Athletics and college farms were considered auxiliary accounts until FY 1980, and as educational and general accounts thereafter.

Expenditures

Expenditures for auxiliary services include salaries, wages, supplies, and other costs related to the activity. Major expenses of each service include:

(A) Housing - Utilities, supervision, custodial, and repair.

(B) Food Services - Cost of food and salaries of personnel (usually contracted management service).

(C) Unions and Stores - Salaries of personnel, costs of items for resale, custodial care and upkeep.

(D) Other - Salaries of personnel, cost of operations such as golf courses, frozen food lockers, airport.

Generally, auxiliary services are financially self-supporting with revenue over expenditure being spent for improvements or added services to the students.

PLANT - CAPITAL IMPROVEMENTS

Revenues

The main sources of funds for enlargement and improvement of the physical facilities of the junior colleges are (1) county taxes for enlargement and improvement, (2) state appropriations for capital improvements, and (3) federal funds.

Although there are a few instances of pledging room rents and a portion of student fees for the retirement of indebtedness on a facility, student fees are generally used to meet current operating costs and as a rule are not used as a source of revenue for plant improvement.

County Taxes

As with county support for operations, each county is empowered by Section 31-29-141 to levy up to three mills of county wide tax for the enlargement and improvement of the junior college in their district. In 1975, forty-six (46) counties levied total levies of 58.25, or an average of 1.26 mill per county for this purpose, and generated approximately $2.5 million in FY 1975. In 1982, forty-six counties levied 71.64 mills for an average of 1.55 mill per county and producing about $5.4 million.

In addition to the above and until 1982, counties were authorized to levy one-fourth mill county-wide tax to qualify for the withholding of one mill state ad valorem tax (up to a limit of three mills) for capital improvements (H. B. 307, Laws of 1964 and H. B. 1402, Laws of 1973). While the provisions of these statutes may be applied to purposes other than junior colleges, by 1975 fifty-seven counties levied 20.38 mills (101.90 total) by authority of these acts, providing approximately $2.1 million. In 1982, sixty-one counties levied 21.55 mills (107.76 total) which raised $3.9 million for construction, improvements, and building debt retirement.

Whereas the county levies for enlargement and improvement are used mostly for annual repair and renovation of facilities, the county levies under H. B. 307 and H. B. 1402 and the companion state ad valorem funds have been used primarily to borrow funds (up to 15 years) for construction of new facilities or for major improvements.

This has been a principle source of matching and supplemental funds to be used with state and federal monies to build more adequate facilities at the junior colleges. Only eight of the sixteen junior college districts received the H. B. 307 source of revenue prior to 1973 due to obligation of this source of funds for water districts and other projects. By 1975, twelve of the districts and by 1982, thirteen districts received support by this means.

State

Since 1950, the state legislature has periodically appropriated funds for capital outlay to the public junior colleges. These appropriations were first equally allocated among the junior college districts; later allocations were made by a formula based on enrollment of full-time academic and technical students.

Since 1974, state funds for capital improvements have been allocated fifty percent by district and fifty percent by audited enrollment. These funds are appropriated by the state legislature to the State Building Commission which must concur in the junior college project and the award of contract prior to obligation and expenditure of state funds. As shown on Exhibit 3, state appropriations have provided a total of $60,450,000 during the peiord from 1950 to 1982.

EXHIBIT 3

MISSISSIPPI PUBLIC JUNIOR COLLEGE

STATE APPROPRIATIONS FOR CAPITAL IMPROVEMENTS, 1950 - 1982

Biennium	Regular Building	S. B. 1587 Vocational Building
1950	$ 750,000	
1952	1,500,000	
1954	-0-	
1956	1,500,000	
1958	1,600,000	
1960	-0-	
1962	2,200,000	
1964	3,400,000	$1,700,000
1966	8,000,000	1,815,000
1968	-0-	-0-
Annually		-0-
1970	5,000,000	579,000
1971	6,000,000	271,000
1972	-0-	-0-
1973	12,500,000	850,000
1974	10,000,000	850,000
1975	-0-	-0-
1976	-0-	-0-
1977	5,500,000	500,000
1978	-0-	-0-
1979	-0-	-0-
1980	2,500,000	-0-
1981	-0-	-0-
1982	-0-	-0-
1983	-0-	-0-
	$60,450,000	$6,565,000

Beginning in 1964, the legislature began providing state funds for junior college vocational and technical facilities and equipment (S. B. 1587, Chapter 401, Laws of 1964). As of 1982, $6,565,000 had been appropriated for this purpose, as shown in Exhibit 3. These state funds were matched with local monies, and this sum in turn was used to match available federal funds for vocational and technical facilities. Approximately $30,000,000 of junior college vocational and technical facilities and equipment were acquired through this combination of funding.

Federal

Federal funds for educational facilities have been derived from two primary sources: The Higher Education Facilities Act and the Vocational Education Act. Under the Higher Education Facilities Act, federal grants for amounts up to approximately forty percent of the cost of some instructional facilities were obtained by most junior colleges in the middle and late 1960's. There has been little federal support for this purpose since 1970.

Federal funds for vocational education facilities have been made available through the Division of Vocational Education, State Department of Education, and when available, provide approximately fifty percent of the cost of a junior college vocational-technical education facility. Funds from the Division of Vocational Education also provide most of the equipment in these facilities. Title to this equipment is maintained in the State Deparment of Education rather than the junior college.

Low interest loans subsidized by federal agencies have been secured by some junior colleges for building dormitories, cafeterias, and student unions. However, the repayment of the principal and interest are from local revenues.

Expenditures

Expenditures are made from plant funds for construction of new facilities; renovations, remodeling, and additions to existing facilities; acquisition of furnishings and equipment; improvements in sites and grounds, including walkways, streets, curbs, drainage, lighting, landscaping, utility systems, and acquisition of land.

Expenditures in FY 1975 from plant funds (including bond sales) exceeded $16 million, and in 1982 approximately $10 million.

The local junior college board of trustees is owner of all land, facilities, and equipment (except certain vocational as previously noted). The board is also responsible for the capital outlay budget of the institution.

SUMMARY

The three funds addressed in this paper were (1) current unstricted and restricted, discussed as educational and general, (2) auxiliary, and (3) plant. Descriptions given were based upon composite statistical data. Individual institutions will differ in resources and activities.

Other funds are treated in this discussion include loan (loans to students); scholarship (awards to students which are not in payment for services rendered); agency (resources received by and held by the college as custodian or fiscal agent for others); debt service (long-term debt and interest thereon) and investment in plant (cummulative costs of plant assets); and endowment (gifts in perpetuity).

Further, the resources and expenditures for operation of manpower (MDTA) and/or comprehensive employment training (CETA) were not included in this paper. These contracted programs commence and terminate at various times and are of various durations, making it inadvisable to

include them in the regular operational budget which represents recurring and on-going activities. Contracted educational activities such as CETA/MDTA are carried as current restricted accounts and amounted to approximately $3.3 million in 1982.

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